

MOR-1**UNITED STATES BANKRUPTCY COURT**

CASE NAME: RR Valve Inc.
CASE NUMBER: 09-33345-HS-11
PROPOSED PLAN DATE: _____

PETITION DATE: 5/14/2009 0:00
DISTRICT OF TEXAS: Southern
DIVISION: Houston

MONTHLY OPERATING REPORT SUMMARY FOR MONTH MAY 2009

Amended

| | MONTH | May-09 | | | | |
|--|-------|------------|--|--|--|--|
| REVENUES (MOR-6) | | 34,473.34 | | | | |
| INCOME BEFORE INT. DEPREC./TAX (MOR-6) | | -52,609.48 | | | | |
| NET INCOME (LOSS) (MOR-6) | | -52,609.48 | | | | |
| PAYMENTS TO INSIDERS (MOR-9) | | 27,642.39 | | | | |
| PAYMENTS TO PROFESSIONALS (MOR-9) | | 9,000.00 | | | | |
| TOTAL DISBURSEMENTS (MOR-8) | | 60,939.11 | | | | |

The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee

| REQUIRED INSURANCE MAINTAINED | | EXP. | | | | |
|-------------------------------|----------------|-----------|--|--|--|--|
| AS OF SIGNATURE DATE | | DATE | | | | |
| CASUALTY | YES (X) NO () | 6/15/2010 | | | | |
| LIABILITY | YES (X) NO () | 7/1/2010 | | | | |
| VEHICLE | YES (X) NO () | Monthly | | | | |
| WORKERS | YES () NO () | | | | | |
| OTHER | YES () NO () | | | | | |

CIRCLE ONE

Are all accounts receivable being collected within terms?

Yes No X

Are all post-petition liabilities, including taxes, being paid within terms?

Yes X No

Have any pre-petition liabilities been paid?

Yes No X

If so, describe

Are all funds received being deposited into DIP bank accounts?

Yes X No

Were any assets disposed of outside the normal course of business?

Yes No X

If so, describe

Are all U.S. Trustee Quarterly Fee Payments current?

Yes X No

What is the status of your Plan of Reorganization? Being Developed

ATTORNEY NAME: S. Margie Venus
FIRM NAME: Strong Pipkin Bissell & Ledyard, L.L.P.
ADDRESS: 1301 McKinney, Suite 2100

CITY, STATE, ZIP: Houston, TX 77010
TELEPHONE/FAX: 713.210.5030

MOR-1

I certify under penalty of perjury that the following complete
Monthly Operating Report (MOR), consisting of MOR-1 through
MOR-9 plus attachments, is true and correct.

SIGNED X [Signature] TITLE: Chapter 11 Trustee
(OPTIONAL SIGNATURE)

(PRINT NAME OF SIGNATORY) Loretta Cross DATE 8/27/2009
Revised 07/01/98

Note: The quantitative information stated in this form has been drawn from the books and reports of the debtor's accounting system. The data in the accounting system is in process of revision based on the analysis being performed by the Trustee. This representation is the best available at this time from debtor records in their current condition and their statement here is solely the responsibility of the debtor and its management. The Trustee intends to file an amended MOR as soon as sufficiently accurate accounting records can be obtained.

CASE NAME: RR Valve Inc.
CASE NUMBER: 09-33345-H5-11

COMPARATIVE BALANCE SHEETS

| ASSETS | 5/15/2009* Amended | 5/31/2009 Amended | MONTH | MONTH | MONTH | MONTH | MONTH |
|---|-----------------------|-----------------------|-------|-------|-------|-------|-------|
| CURRENT ASSETS | | | | | | | |
| Cash | 82,000.92 | 95,671.26 | | | | | |
| Accounts Receivable, Net | 130,631.38 | 142,145.14 | | | | | |
| Inventory: Lower of Cost or Market | 407,450.85 | 400,090.06 | | | | | |
| Prepaid Expenses | | | | | | | |
| Investments | | | | | | | |
| Other ¹ | 1,220,108.19 | 1,220,108.19 | | | | | |
| TOTAL CURRENT ASSETS | 1,840,191.34 | 1,858,014.65 | | | | | |
| PROPERTY, PLANT & EQUIP. @ COST | 235,085.86 | 235,085.86 | | | | | |
| Less Accumulated Depreciation | 108,796.00 | 108,796.00 | | | | | |
| NET BOOK VALUE OF PP & E² | 126,289.86 | 126,289.86 | | | | | |
| OTHER ASSETS | | | | | | | |
| 1. Tax Deposits | 25,000.00 | 25,000.00 | | | | | |
| 2. Investments in Subsidiaries | 1,000.00 | 1,000.00 | | | | | |
| 3. Rent/Phone/Electric Deposit | 8,995.84 | 8,995.84 | | | | | |
| 4. | | | | | | | |
| TOTAL ASSETS | \$2,001,477.04 | \$2,019,300.35 | | | | | |

* Per Schedules and Statement of Affairs

MOR-2

Revised 07/01/98

¹ Other assets include related party receivables with either directly owned subsidiaries or sister companies in the amount of \$1,215,561.82. These amounts may not be collectable.

² Property, plant, and equipment has not been depreciated since 6/30/2007. The company is in the process of updating the depreciation schedule. Once this analysis is completed adjustments will be made.

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CASE NAME: RR Valve Inc.
CASE NUMBER: 09-33345-H5-11

COMPARATIVE BALANCE SHEETS

| LIABILITIES AND OWNERS EQUITY | 5/15/2009* Amended | May-09 Amended | MONTH | MONTH | MONTH | MONTH | MONTH |
|--|-----------------------|-----------------------|-------|-------|-------|-------|-------|
| LIABILITIES | | | | | | | |
| POST-PETITION LIABILITIES(MOR-4) | | 10,969.17 | | | | | |
| PRE-PETITION LIABILITIES | | | | | | | |
| Notes Payable - Secured | 27,000.00 | 27,000.00 | | | | | |
| Priority Debt | -9.85 | -9.85 | | | | | |
| Federal Income Tax ¹ | 190,747.00 | 190,747.00 | | | | | |
| FICA/Withholding | 6,386.13 | 6,386.13 | | | | | |
| Unsecured Debt ² | 121,723.63 | 123,243.52 | | | | | |
| Other | | | | | | | |
| TOTAL PRE-PETITION LIABILITIES ³ | 345,846.91 | 347,366.80 | | | | | |
| TOTAL LIABILITIES | 345,846.91 | 358,335.97 | | | | | |
| OWNER'S EQUITY (DEFICIT) | | | | | | | |
| PREFERRED STOCK | | | | | | | |
| COMMON STOCK | 1,000.00 | 1,000.00 | | | | | |
| ADDITIONAL PAID-IN CAPITAL | | | | | | | |
| RETAINED EARNINGS: Filing Date | 1,654,630.13 | 1,654,630.13 | | | | | |
| RETAINED EARNINGS: Post Filing Date | | 5,334.25 | | | | | |
| TOTAL OWNERS EQUITY (NET WORTH) | 1,655,630.13 | 1,660,964.38 | | | | | |
| TOTAL LIABILITIES & OWNERS EQUITY | \$2,001,477.04 | \$2,019,300.35 | | | | | |

* Per Schedules and Statement of Affairs

MOR-3

Revised 07/01/98

¹ Company is in the process of filing tax returns for the fiscal years ending 6/30/2008 and 6/30/2009. The liabilities or assets associated with these returns are not included in these balances. The company will record these amounts as soon as the analysis is completed.

² Credit issued on estimated triple net expenses related to the lease when the actual accounting for the prior year was completed.

³ Pre-petition liabilities may be adjusted subject to further investigation of pre-petition claims including insider claims

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CASE NAME: RR Valve Inc.
CASE NUMBER: 09-33345-H5-11

SCHEDULE OF POST-PETITION LIABILITIES

| | May-09 Amended | MONTH | MONTH | MONTH | MONTH | MONTH |
|--|--------------------|-------|-------|-------|-------|-------|
| TRADE ACCOUNTS PAYABLE | 9,923.78 | | | | | |
| TAX PAYABLE | | | | | | |
| Federal Payroll Taxes | | | | | | |
| State Payroll Taxes | | | | | | |
| Ad Valorem Taxes | | | | | | |
| Other Taxes | | | | | | |
| TOTAL TAXES PAYABLE | 1,045.39 | | | | | |
| SECURED DEBT POST-PETITION | | | | | | |
| ACCRUED INTEREST PAYABLE | | | | | | |
| ACCRUED PROFESSIONAL FEES* | | | | | | |
| OTHER ACCRUED LIABILITIES | | | | | | |
| 1. Galleria | | | | | | |
| 2. RR Racing | | | | | | |
| 3. | | | | | | |
| TOTAL POST-PETITION LIABILITIES (MOR-3) | \$10,969.17 | | | | | |

*Payment requires Court Approval

MOR-4

Revised 07/01/98

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CASE NAME: RR Valve Inc.
CASE NUMBER: 09-33345-H5-11

AGING OF POST-PETITION LIABILITIES
MONTH

May-09

Amended

| DAYS | TOTAL | TRADE ACCOUNTS | FEDERAL TAXES | STATE TAXES | AD VALOREM, OTHER TAXES | OTHER LIABILITIES |
|-------|-------------|-------------------|------------------|----------------|----------------------------|----------------------|
| 0-30 | 10,969.17 | 9,923.78 | 1,045.39 | | | |
| 31-60 | 0.00 | | | | | |
| 61-90 | 0.00 | | | | | |
| 91+ | 0.00 | | | | | |
| TOTAL | \$10,969.17 | \$9,923.78 | \$1,045.39 | \$0.00 | \$0.00 | \$0.00 |

AGING OF ACCOUNTS RECEIVABLE

| MONTH | May 2009 | | | | | |
|------------|--------------|--|--|--|--|--|
| 0-30 DAYS | 34,473.34 | | | | | |
| 31-60 DAYS | 74,664.30 | | | | | |
| 61-90 DAYS | 37,719.80 | | | | | |
| 91+ DAYS | (4,712.30) | | | | | |
| TOTAL | \$142,145.14 | | | | | |

Revised 07/01/98

MOR-5

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CASE NAME: RR Valve Inc.
CASE NUMBER: 09-33345-H5-11

STATEMENT OF INCOME (LOSS)

| | Amended | Amended | | | | | | |
|-------------------------------------|------------------|-----------------|-------|-------|-------|-------|-------|---------------|
| | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH | FILING TO |
| | May 1 - 15, 2009 | May 16-31, 2009 | | | | | | DATE |
| REVENUES (MOR-1) | 1,041.76 | 33,431.58 | | | | | | 34,473.34 |
| TOTAL COST OF REVENUES | 6,701.19 | 10,273.38 | | | | | | 16,974.57 |
| GROSS PROFIT | -5,659.43 | 23,158.20 | | | | | | 17,498.77 |
| OPERATING EXPENSES: | | | | | | | | |
| Selling & Marketing | 6,542.50 | 46.03 | | | | | | 6,588.53 |
| General & Administrative | 9,439.84 | 6,219.54 | | | | | | 15,659.38 |
| Insiders Compensation | 19,642.39 | 8,000.00 | | | | | | 27,642.39 |
| Professional Fees | 11,330.00 | 0.00 | | | | | | 11,330.00 |
| Other Contract Labor | 5,329.57 | 3,558.38 | | | | | | 8,887.95 |
| Other | | | | | | | | 0.00 |
| TOTAL OPERATING EXPENSES | 52,284.30 | 17,823.95 | | | | | | 70,108.25 |
| INCOME BEFORE INT. DEPR/TAX (MOR-1) | -57,943.73 | 5,334.25 | | | | | | -52,609.48 |
| INTEREST EXPENSE | | | | | | | | 0.00 |
| DEPRECIATION | | | | | | | | 0.00 |
| OTHER (INCOME) EXPENSE* | | | | | | | | 0.00 |
| OTHER ITEMS** | | | | | | | | 0.00 |
| TOTAL INT. DEPR. & OTHER ITEMS | | | | | | | | 0.00 |
| NET INCOME BEFORE TAXES | -57,943.73 | 5,334.25 | | | | | | -52,609.48 |
| FEDERAL INCOME TAXES | | | | | | | | 0.00 |
| NET INCOME (LOSS) (MOR-1) | (\$57,943.73) | \$5,334.25 | | | | | | (\$52,609.48) |

Accrual Accounting Required. Otherwise Footnote with Explanation.

* Footnote Mandatory.

** Unusual and/or infrequent item(s) outside the ordinary course of business requires footnote.

MOR-6

Revised 07/01/98

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CASE NAME: RR Valve Inc.
CASE NUMBER: 09-33345-H5-11

| | Amended | | Amended | | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH | FILING TO DATE |
|---|------------------|-------------------|---------|--|-------|-------|-------|-------|-------|-------|----------------|
| | May 1 - 15, 2009 | May 16 - 31, 2009 | | | | | | | | | |
| CASH RECEIPTS AND DISBURSEMENTS | | | | | | | | | | | |
| 1. CASH-BEGINNING OF MONTH | \$68,400.77 | \$82,000.92 | | | | | | | | | \$68,400.77 |
| RECEIPTS: | | | | | | | | | | | |
| 2. CASH SALES | | | | | | | | | | | 0.00 |
| 3. COLLECTION OF ACCOUNTS RECEIVABLE | 39,291.78 | 21,917.82 | | | | | | | | | 61,209.60 |
| 4. LOANS & ADVANCES (attach list) | 27,000.00 | | | | | | | | | | 27,000.00 |
| 5. SALE OF ASSETS | | | | | | | | | | | 0.00 |
| 6. OTHER (attach list) | | | | | | | | | | | 0.00 |
| TOTAL RECEIPTS** | 66,291.78 | 21,917.82 | | | | | | | | | 88,209.60 |
| (Withdrawal) Contribution by Individual Debtor MFR-2* | | | | | | | | | | | 0.00 |
| DISBURSEMENTS: | | | | | | | | | | | |
| 7. NET PAYROLL | | | | | | | | | | | 0.00 |
| 8. PAYROLL TAXES PAID | | | | | | | | | | | 0.00 |
| 9. SALES, USE & OTHER TAXES PAID | | | | | | | | | | | 0.00 |
| 10. SECURED/RENTAL/LEASES | 6,035.84 | | | | | | | | | | 6,035.84 |
| 11. UTILITIES & TELEPHONE | 680.22 | | | | | | | | | | 680.22 |
| 12. INSURANCE | | | | | | | | | | | 0.00 |
| 13. INVENTORY PURCHASES | 1,080.00 | | | | | | | | | | 1,080.00 |
| 14. VEHICLE EXPENSES | | | | | | | | | | | 0.00 |
| 15. TRAVEL & ENTERTAINMENT | 86.03 | | | | | | | | | | 86.03 |
| 16. REPAIRS, MAINTENANCE & SUPPLIES | 1,029.21 | | | | | | | | | | 1,029.21 |
| 17. ADMINISTRATIVE & SELLING | 6,320.63 | 247.48 | | | | | | | | | 6,568.11 |
| 18. OTHER (attach list) | 28,459.70 | 8,000.00 | | | | | | | | | 36,459.70 |
| TOTAL DISBURSEMENTS FROM OPERATIONS | 43,691.63 | 8,247.48 | | | | | | | | | 51,939.11 |
| 19. PROFESSIONAL FEES | 9,000.00 | | | | | | | | | | 9,000.00 |
| 20. U.S. TRUSTEE FEES | | | | | | | | | | | 0.00 |
| 21. OTHER REORGANIZATION EXPENSES (attach list) | | | | | | | | | | | 0.00 |
| TOTAL DISBURSEMENTS** | 52,691.63 | 8,247.48 | | | | | | | | | 60,939.11 |
| 22. NET CASH FLOW | 13,600.15 | 13,670.34 | | | | | | | | | 27,270.49 |
| 23. CASH - END OF MONTH (MOR-2) | \$82,000.92 | \$95,671.26 | | | | | | | | | \$95,671.26 |

* Applies to Individual debtors only

MOR-7

**Numbers for the current month should balance (match)
RECEIPTS and CHECKS/OTHER DISBURSEMENTS lines on MOR-8

Revised 07/01/98

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CASE NUMBER: 09-33345-H5-11

PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown for the month, list the amount paid to insiders (as defined in Section 101(31)(A)-(F) of the U.S. Bankruptcy Code) and the professionals. Also, for insiders, identify the type of compensation paid (e.g., salary, commission, bonus, etc.) (Attach additional pages as necessary).

| INSIDERS: NAME/COMP TYPE | May-09 Amended | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH |
|--------------------------|-------------------|--------|--------|--------|--------|--------|--------|
| 1. GS Lazzara Jr. | 27,642.39 | | | | | | |
| 2. | | | | | | | |
| 3. | | | | | | | |
| 4. | | | | | | | |
| 5. | | | | | | | |
| 6. | | | | | | | |
| TOTAL INSIDERS (MOR-1) | \$27,642.39 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |

| PROFESSIONALS | May-09 | MONTH | MONTH | MONTH | MONTH | MONTH | MONTH |
|-----------------------------|------------|--------|--------|--------|--------|--------|--------|
| 1. John H Bennett Jr. | 9,000.00 | | | | | | |
| 2. BCC Business Services | | | | | | | |
| 3. | | | | | | | |
| 4. | | | | | | | |
| 5. | | | | | | | |
| 6. | | | | | | | |
| TOTAL PROFESSIONALS (MOR-1) | \$9,000.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |

MOR-9

Revised 07/01/98

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